

## Message Text

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71

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 101030Z JUL 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 7832

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMCONSUL DHAHRAN

USMISSION GENEVA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY VIENNA

S E C R E T JIDDA 3959

EXDIS

BEIRUT PASS USINT BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJECT: REINSTITUTION OF OIL BOYCOTT; KING FAISAL'S DISPLEASURE  
WITH PROGRESS TOWARD PEACE

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REF JIDDA 3802

SUMMARY: YAMANI CONFIRMS LEBANON WILL REQUEST NEW EMBARGO ON OIL SHIPMENTS IF ISRAEL PERSISTS IN RAIDS, THOUGH HE DOES NOT BELIEVE OAPEC WILL AGREE. HOWEVER, KING IS DISTURBED AND THERE SHOULD BE NO CAUSE FOR COMPLACENCY. AMBASSADOR IS EXPECTED TO BE CALLED IN WITHIN A FEW DAYS TO DISCUSS RECENT STATEMENTS FROM ISRAELI POLITICIANS INDICATING A HARDENING OF POSITIONS INCLUDING THE BUILDING OF FURTHER CITIES IN THE OCCUPIED TERRITORIES. WE NEED TO KNOW IF STATEMENTS WERE ACTUALLY MADE BY RABIN AND OTHERS, AND IF DEVELOPMENT PLANS BY GOI ARE GOING FORWARD. WHAT IS U.S. POLICY ON FURTHER ISRAELI WITHDRAWALS? WHILE ARAMCO HAS BEEN GIVEN ORDERS FOR CRASH PRODUCTION EXPANSION PROGRAM, IF KING CONCLUDES PEACE EFFORTS ARE DRAGGING AND NEW IRREVERSIBLE FACTS ARE BEING CREATED, SAUDI MINISTERS URGING CUTS IN PRODUCTION WILL SUCCESSFULLY BLOCK SUCH PLANS. END SUMMARY.

1. AHMAD ZAKI YAMANI, SAUDI MINISTER OF PETROLEUM, TOLD ME JULY 8 THAT LEBANON WOULD REQUEST THE CURRENT OAPEC MEETING IN CAIRO TO DISCUSS THE REINSTITUTION OF THE OIL EMBARGO IF ISRAEL PERSISTED IN ITS SAVAGE ATTACKS ON LEBANON.

2. YAMANI THOUGHT THAT THIS WOULD NOT BE DONE BUT NONETHELESS THERE WAS NO CAUSE FOR U.S. OR WESTERN COMPLACENCY. HE SAID HE HAD JUST HAD A LONG TALK WITH KING FAISAL ON THE PROGRESS TOWARD PEACE IN THE MIDDLE EAST AND THE KING WAS MIGHTILY DISTURBED. YAMANI SAID I SHOULD EXPECT THE KING TO SUMMON ME WITHIN THE NEXT FEW DAYS. THE KING, HE THOUGHT, WOULD MAKE THE FOLLOWING POINTS:

A. HE HAD TOLD ME EARLIER THAT SAUDI ARABIA WOULD MAKE OIL AVAILABLE TO MEET THE WORLD'S NEEDS AS LONG AS PROGRESS TOWARD A JUST PEACE IN THE MIDDLE EAST CONTINUED. HE DID NOT INTEND TO IMPLY ANY CHANGE IN THIS POSITION:

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B. THE KING UNDERSTANDS THE NEED FOR PREPARATION OF POSITIONS PRIOR TO THE SEPTEMBER GENEVA MEETING, ALTHOUGH YAMANI SAID THE KING STILL BELIEVES THE U.S., IF IT HAD THE WILL, COULD IMPOSE PEACE ON THE AREA INSTANTANEOUSLY. YAMANI ASKED REHTORICALLY WHETHER THE MEETING IN GENEVA WOULD EVER TAKE PLACE;

C. THE KING'S MAIN CONCERNS ARE ON RECENT STATEMENTS

COMING FROM ISRAEL. "SEVERAL ISRAELI POLITICIANS" HAD SAID THAT ISRAEL WOULD BE FORTHCOMING WITH JORDAN BUT IT WOULD "NEVER" RELINQUISH ANY PART OF THE WEST BANK; ISRAELI PRIME MINISTER RABIN HAD BEEN QUOTED AS SAYING THAT "SECRETARY KISSINGER'S STATEMENTS ON FURTHER ISRAELI WITHDRAWALS CERTAINLY DID NOT INCLUDE JERUSALEM AS KISSINGER KNEW VERY WELL THAT JERUSALEM WAS NOT NEGOTIABLE"; RABIN HAD ALSO SAID THAT ISRAEL INTENDED TO BUILD 20 NEW CITIES IN THE OCCUPIED LANDS AND WOULD SPEND 1.2 BILLION ISRAELI POUNDS ON CONSTRUCTION FOR THE OCCUPIED TERRITORIES;

D. YAMANI THOUGHT THE KING WILL ASK WHY U.S. HAS NOT RESPONDED TO THESE ISRAELI PROVOCATIONS. DOES IT INTEND TO PUT PRESSURE ON ISRAEL NOT TO GO FORWARD WITH THESE DEVELOPMENT PLANS? CAN THE U.S. SERIOUSLY BELIEVE THAT ISRAEL WOULD PUT THIS EFFORT AND MONEY INTO DEVELOPMENT OF THE OCCUPIED LANDS IF IT EVER INTENDED TO RELINQUISH THEM?

3. I TOLD YAMANI THAT RABIN HAS A SHAKY MAJORITY; THAT MUCH OF HIS TALK WAS PROBABLY IN THE CATEGORY OF CAMPAIGN TALK FOR THE NEW ELECTIONS AND NEED NOT BE TAKEN ENTIRELY SERIOUSLY, BUT THIS ANSWER DID NOT SATISFY HIM. I DOUBT THAT IT WILL SATISFY THE KING.

4. ACTION AND INFORMATION REQUESTED:

A. DID RABIN AND OTHER ISRAELI LEADERS ACTUALLY MAKE THE STATEMENTS ATTRIBUTED TO THEM IN PARAGRAPH 2-C ABOVE?

DO WE BELIEVE THE DEVELOPMENT PLANS ARE GOING TO BE IMPLEMENTED?

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C. WHAT CAN I TELL FAISAL ABOUT OUR POLICY ON FURTHER ISRAELI WITHDRAWALS FROM ARAB LANDS?

5. COMMENT: EVEN IF FAISAL IS NOT ENTIRELY PLEASED WITH THE ANSWERS I GIVE TO HIS QUESTIONS, I WOULD NOT EXPECT ANY REINSTITUTION OF THE OIL BOYCOTT NOW. BUT THIS IS NOT THE MAIN POINT. ARAMCO HAS JUST BEEN GIVEN ORDERS TO START A CRASH PRODUCTION EXPANSION PROGRAM (REFTEL), WHICH WE HOPE WILL BE ABLE TO BRING DOWN WORLD OIL PRICES. THE KING HAS APPROVED THIS. IF THE KING NOW CONCLUDES THAT THE PEACE EFFORTS ARE DRAGGING OR THAT ISRAEL'S "NEW FACTS" ARE NOT REVERSIBLE BY THE U.S., THE EXPANSION PLANS COULD BE CALLED TO A HALT. AND WORSE, THE SAUDI ECONOMISTS (HISHAM NAZIR, MINISTER

OF PLANNING AND ABA AL-KHAIL, MINISTER OF FINANCE),  
WHO BELIEVE THAT SAUDI OIL PRODUCTION IS ALREADY FAR  
TOO HIGH, COULD BLACK EXPANSION PLANS AND EVEN REDUCE  
PRODUCTION TO WHAT THEY WOULD DECIDE AS MORE "REASONABLE"  
LEVELS.  
AKINS

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## Message Attributes

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